United States Department of Agriculture
Bureau of Agricultural Economics
Washington, D. C.

FS
A-449

November 30, 1936

FOREIGN NEWS ON FRUIT

Canadian Import Duties on Apples and Pears

This release has been prepared in response to a number of requests which have been received for information relative to the Canadian duties on apples and pears and the changes that were made as a result of the Canadian Trade Agreement which became effective January 1, 1936.

The Canadian tariff schedules on fruits and vegetables are among the most difficult to understand. The duties on many items, such as apples and pears, are of a threefold character: first, the basic ad valorem rate which in some cases is coupled with a minimum specific duty; second, the arbitrary advances in value which are added to the invoice value on a number of products during the periods of the year when the imported product competes with domestic products, largely fruits and vegetables; and third, the dumping duty which is equal to the arbitrary advance in value and is effective during the same period that the advance in valuation is applied. In addition, all imports from other than Empire countries are subject to a special import excise tax of three percent of the duty-paid value.

As a result of the Canadian Trade Agreement with Canada, which became effective January 1, 1936, duties have been simplified to some extent and net reductions secured in a great many cases. A few horticultural products were placed on the free list; on most fresh vegetables the basic ad valorem rate was reduced 50 percent; and on fresh fruits 25 percent. The minimum specific duties have for the most part been canceled. Important adjustments were made with respect to valuation advances during the season. In a number of items these advances have been canceled and in all cases these additions to the invoice values have been reduced 20 percent. The dumping duty is thus automatically reduced by 20 percent.

In the case of apples, the total import duty charged by Canada is roughly 1.4 cents per pound compared with 1.9 cents before the agreement, or a reduction of about 25 percent, assuming an invoice value of 3.5 cents per pound in each case. This was accomplished by reducing the ad valorem rate from 20 percent to 15 percent and canceling the minimum specific duty of 3/5 cent per pound and by reducing both the advance in value and the dumping duty by 20 percent. These rates on apples apply throughout the year. Substantially the same duty treatment was extended pears on a seasonal basis. See the tables on pages 3 and 4.

It is impossible to give the exact duties applicable in Canada on apples and pears since the basic rate in each instance is 15 percent of the original invoice value plus the advanced valuation. Consequently the duties can only be approximated, since original invoice valuations are variable.

Assuming that the true invoice value of a box of apples is $1.75, or about 3.5 cents a pound, the duty would be determined as follows:

Apples: Approximate Canadian duty, November 10, 1936.

		Cents per pound
Invoice value (estimated)	3.5	
Plus advance in value (4/5¢)	.8	
Total value	4.3	
Import duty (15% of 4.3¢)		0.645
Plus dumping duty		.800
		1.445
Plus special import excise tax, 3% of duty-paid value of 4.945¢ (4.3 0.645)		.148
Total estimated duty		1.593

In arriving at the estimated duty on pears the season of the year and the section of the country have to be taken into consideration. In 1934 Canada was divided into two sections for purposes of applying the seasonal advances for certain products, including pears. In 1935 a further division was made, three zones being established: (1) the Western Provinces; (2) Ontario and Quebec; and (3) the Maritime Provinces of New Brunswick, Nova Scotia, and Prince Edward Island. The seasonal advances between the sections were made effective at slightly different dates to compensate for the difference in the growing and marketing seasons of certain fresh fruits and vegetables in the different parts of Canada. Therefore, examples will be given for an entry at Toronto as of August 10 and November 10, 1936. It is assumed that the box of pears was worth $2.00 or 4 cents per pound in each case.

Pears: Approximate Canadian Duty

		Cents per pound
August 10, 1936		
Invoice value (estimated)	4.0	
Plus advance in value	.0	
Total value	4.0	
Import duty (15% of 4.0¢)		0.60
Plus dumping duty		.00
		0.60
Plus special import excise tax, 3% of duty-paid value (4.0¢)..........		.12
Total estimated duty Aug. 10 ...		0.72

Pears: Approximate Canadian Duty (Cont'd)

		Cents per pound
November 10, 1936		
Invoice value (estimated)	4.0	
Plus advance in value (1 cent)	1.0	
Total value	5.0	
Import duty (15% of 5.0¢)		0.75
Plus dumping duty		1.00
		1.75
Plus special import excise tax, 3% of duty-paid value of 5.75¢ (5.0 + 0.75)		.17
Total estimated duty Nov. 10		1.92

The following tables give the approximate duty on apples and pears before and after the Canadian trade agreement became effective. Reductions in both cases amounted to about 25 percent. In addition, although the periods when the higher duties are effective on pears in Western Canada were increased in 1936 as compared with 1935, similar periods in Ontario and Quebec were shortened and abolished entirely in the Maritime Provinces. A change in the period when the seasonal advance is applied on pears may temporarily result in a higher duty than in a similar period before the agreement became effective.

CANADA: Import duties and other restrictions on fresh apples before and after trade agreement, effective Jan.1, 1936

	Before agreement (1935)	After agreement (1936)
APPLES, FRESH		
(A) Import duty	20% but not less than 3/5 of a cent per pound	1/ 15% ad valorem
(B) Advance in value (all year) 2/	1 cent per pound	4/5 of a cent per lb.
(C) Dumping duty	1 cent per pound	4/5 of a cent per lb.
Total duty (estimated) 3/....	4/ 1.9¢ per pound	5/ 1.4¢ per pound

1/ Bound against increase. A "bound" duty may not be increased during the life of the agreement.

2/ Advance over true invoice value is used not only as a basis for the calculation of the ad valorem duty but also for the determination of the special (dumping) duty. This special or so-called "dumping duty" is equal to the amount of the addition to the true invoice value.

3/ In addition, there is a special import excise tax amounting to 3% of duty-paid value.

4/ Twenty percent of 4.5¢ (estimated invoice value, 3.5¢, plus 1¢ advance in value) = 0.9¢ plus 1¢ dumping duty, or 1.9¢ per pound.

5/ Fifteen percent of 4.3¢ (estimated invoice value, 3.5¢, plus 0.8¢ advance in value) = 0.645¢ plus 0.8¢ dumping duty, or 1.445¢ per pound.

PEARS: Canadian import duties and other charges before and after trade agreement, effective January 1, 1936

Duties	Before agreement	Duties	After agreement
(A) Import duty	20% but not less than $\frac{3}{4}$¢ per lb., Aug.1 - Dec. 31	(A) Import duty	1/ 15% ad val.
(B) Advance in value: 2/		(B) Advance in value: 2/	
Western Canada -		Western Canada -	
Jan.1-Jan.21	$1\frac{1}{4}$¢ per lb.	Jan.1-Mar.30 ...	1¢ per lb.
Jan.22-Aug.28	None	Mar.31-Aug.10 ..	None
Aug.29-Dec.31	$1\frac{1}{4}$¢ per lb.	Aug.11 3/	1¢ per lb.
Ontario & Quebec -		Ontario & Quebec -	
Jan. 1-Jan. 31 ...	$1\frac{1}{4}$¢ per lb.	Jan.1-Aug.10....	None
Feb.1-Dec.31	None	Aug.11-Oct.17 ..	1¢ per lb.
Maritimes -		Oct.18-Dec.31 ..	None
Jan.1-Jan.31	$1\frac{1}{4}$¢ per lb.	Maritimes -	
Feb.1-Dec.31	None	Jan.1-Dec.31 ...	None
(C) Dumping duty	2/Same as advance in value	(C) Dumping duty	2/Same as advance in value

Estimated total duty	Before agreement	Estimated total duty	After agreement
	Cents per lb.4/		Cents per lb.4/
Western Canada:		Western Canada:	
Jan.1 - Jan.21	5/ 2.30	Jan.1 - Mar.30	6/ 1.75
Jan.22 - July 31	7/ .80	Mar.31 - Aug.10 ...	8/ .60
Aug.1 - Aug.28	9/ .75	Aug.11 3/.........	6/ 1.75
Aug.29 - Dec.31	5/ 2.30		
Ontario and Quebec:		Ontario and Quebec:	
Jan.1 - Jan.31	5/ 2.30	Jan.1 - Aug.10	8/ .60
Feb.1 - July 31	7/ .80	Aug.11 - Oct.17 ...	6/ 1.75
Aug.1 - Dec.31	9/ .75	Oct.18 - Dec.31 ...	8/ .60
Maritimes:		Maritimes:	
Jan.1 - Jan.31	5/ 2.30	Jan.1 - Dec.31	8/ .60
Feb.1 - July 31	7/ .80		
Aug.1 - Dec.31	9/ .75		

1/ Bound against increase. A "bound" duty may not be increased during the life of the agreement. 2/ Advance over true invoice value is used not only as a basis for the calculation of the ad valorem duty but also for the determination of the special (dumping) duty. This special or so-called "dumping duty" is equal to the amount of the addition to the true invoice value. 3/ Date of termination of period of application not yet announced. 4/ In addition, there is a special import excise tax of 3% of duty-paid value. 5/ 20% of 5.25¢ per lb. (estimated invoice value, 4¢, plus 1.25¢ advance in value) = 1.05¢ plus 1.25¢ dumping duty, or 2.30¢ per lb. 6/ 15% of 5¢ per lb. (estimated value, 4¢, plus 1¢ advance in value) = 0.75¢ plus 1¢ dumping duty, or 1.75¢ per lb. 7/ 20% of estimated invoice value, 4¢ per lb., or 0.8¢ per lb. 8/ 15% of estimated invoice value, 4¢ per lb., or 0.6¢ per lb. 9/ During the period August 1 to December 31, duty "not less than 0.75¢ per lb."